

HOUSE BILL No. 1502

DIGEST OF INTRODUCED BILL

Citations Affected: IC 32-1-6-22.

Synopsis: Condominium association investments. Allows a condominium association's fund for capital expenditures and replacement and repair of common areas and facilities to be invested in the same manner, and in the same types of investments, in which the funds of a political subdivision may be invested .

Effective: July 1, 2001.

Ayres, Fry, Crooks, Ruppel

January 11, 2001, read first time and referred to Committee on Commerce, Economic Development and Technology.

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Introduced

First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

HOUSE BILL No. 1502

A BILL FOR AN ACT to amend the Indiana Code concerning property.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 32-1-6-22 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 22. (a) Except as
3 provided in subsection (d) or (e), the co-owners are bound to contribute
4 pro rata, in the percentages computed according to section 7 of this
5 chapter, toward the expenses of administration and of maintenance and
6 repair of the general common areas and facilities, and, in the proper
7 case, of the limited common areas and facilities of the building, and
8 toward any other expense lawfully agreed upon.
9 (b) No co-owner may exempt himself from contributing toward such
10 expenses by waiver of the use or enjoyment of the common areas and
11 facilities or by abandonment of the condominium unit belonging to
12 him.
13 (c) All sums assessed by the association of co-owners shall be
14 established by using generally accepted accounting principles applied
15 on a consistent basis and shall include the establishment and
16 maintenance of a replacement reserve fund for capital expenditures and
17 replacement and repair of the common areas and facilities, which funds

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shall be used for those purposes and not for usual and ordinary repair expenses of the common areas and facilities. This fund for capital expenditures and replacement and repair of common areas and facilities shall be:

- (1) maintained in a separate interest bearing account with a bank or savings association authorized to conduct business in the county in which the horizontal property regime is established; or
- (2) invested in the same manner, and in the same types of investments, in which the funds of a political subdivision may be invested under IC 5-13-9.**

Assessments collected for contributions to this fund may not be subject to Indiana gross income tax or adjusted gross income tax.

(d) If the declaration so provides, the declarant or a developer (or a successor in interest of either) that is a co-owner of unoccupied condominium units offered for the first time for sale is excused from contributing toward the expenses referred to in subsection (a) for those units for a period of time that:

- (1) is stated in the declaration;
- (2) begins on the day that the declaration is recorded; and
- (3) terminates no later than the first day of the twenty-fourth calendar month following the month in which the closing of the sale of the first condominium unit occurs.

However, if the expenses referred to in subsection (a) that are incurred during the stated period exceed the amount assessed against the other co-owners, then the declarant, developer, or successor shall pay the excess.

(e) If the declaration does not contain the provisions referred to in subsection (d), the declarant or a developer (or a successor in interest of either) that is a co-owner of unoccupied condominium units offered for the first time for sale is excused from contributing toward the expenses referred to in subsection (a) for those units for a stated period of time if the declarant, developer, or successor:

- (1) has guaranteed to each purchaser (either in the purchase contract, in the declaration, in the prospectus, or by an agreement with a majority of the other co-owners) that the assessment for those expenses will not increase over a stated dollar amount during the stated period; and
- (2) has obligated itself to pay any amount of those expenses incurred during the stated period and not produced by the assessments at the guaranteed level receivable from the other co-owners.

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